

Message Text

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R 231725Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: TYMSHARE - TRADE FACILITATION COMMITTEE

REFS: (A) TOKYO 780, (B) TOKYO 232

SUMMARY - TYMSHARE U.S. BELIEVES RECENT ANNOUNCEMENT
BY KDD (REF A) THAT IT SOON PLANS TO RECOMMEND APPROVAL
OF KOKUSAI TYMSHARE APPLICATION, IS PART OF KDD EFFORT
TO DELAY FINAL APPROVAL. TYMSHARE IS CONSIDERING
REQUESTING THAT PROBLEM BE RAISED IN TFC, BUT WANTS
EMBASSY EVALUATION PRIOR TO DOING SO. - END SUMMARY.

1. MESSERS. HEINTZ AND EGER REPRESENTING TYMSHARE
CALLED ON USDOC, STATE AND STR TO DISCUSS STATUS OF
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THEIR EFFORTS TO OBTAIN APPROVAL FOR USE OF A DEDICATED
LEASED TELEPHONE LINE FVOM TOKYO TO SAN FRANCISCO.
HEINTZ SAID TYMSHARE HAS MADE EVERY EFFORT TO WORK
WITHIN THE JAPANESE SYSTEM TO OBTAIN THE REQUIRED
APPROVALS. FOR EXAMPLE, TYMSHARE FORMED A JOINT
VENTURE, KOKUSAI TYMSHARE, LTD. (KTO) WITH MARUBENI
TRADING CO. AS MINORITY SHARE HOLDER, RATHER THAN

SEEKING APPROVAL FOR A WHOLLY OWNED SUBSIDIARY, AS ALLOWED BY LAW, WITH EXPECTATION THAT JOINT VENTURE WOULD HAVE BETTER CHANCE OF OBTAINING THE NECESSARY APPROVALS. FYI - TYMSHARE SAID THEY ALSO HAVE AGREED TO A NUMBER OF KDD CONDITIONS FOR OPERATING TIMESHARING SERVICES (TSS) ALTHOUGH THEY ARE UNHAPPY WITH THESE CONDITIONS BECAUSE THEY WILL SERIOUSLY LIMIT COMPETITIVENESS. - END FYI.

2. KDD HAS BEEN AWARE FOR OVER ONE YEAR OF TYMSHARE INFORMAL APPLICATION FOR STARTING TSS. FORMAL APPLICATION HAS BEEN PENDING SINCE JUNE 1977. DURING PAST THREE MONTHS, KTO HAS REPORTEDLY HAD MORE THAN THIRTY MEETINGS WITH KDD AND NTT. TYMSHARE IS CONVINCED KDD IS DRAGGING ITS FEET ON GRANTING APPROVAL BECAUSE IT WISHES DELAY APPROVAL UNTIL KDD CAN COMPETE IN THIS FIELD. TO SUPPORT THIS VIEW, HEINTZ REFERRED TO JAPAN ECONOMIC JOURNAL ARTICLE OF OCTOBER 25, 1977 REPORTING KDD PLAN TO INITIATE TSS DURING JFY 1977. ACCORDINGLY, HEINTZ PERCEIVES RECENT PUBLIC ANNOUNCEMENT BY KDD REPORTED REF A AS NOTHING MORE THAN DELAYING TACTIC. HE LEFT CURRENT COPY OF STATUS REPORT ON CASE WITH US WHICH WE WILL FORWARD TO EMBASSY.

3. KTO HAS REPORTEDLY BEEN SPENDING 3,000 DOLLARS PER DAY IN RENT, SALARIES, ETC. SINCE EARLY 1977. TYMSHARE LIMITED OFFICIAL USE

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THEREFORE ANXIOUS TO BEGIN OPERATIONS ASAP OR FACE PROSPECTS OF PULLING OUT OF JAPAN.

4. WE HAVE SUGGESTED TO HEINTZ THAT THIS CASE MAY BE APPROPRIATE FOR TFC AS BEST MEANS AVAILABLE OF EXPEDITING APPROVAL PROCESS. BUT SUGGESTED HE DELAY MAKING FORMAL REQUEST UNTIL WE CAN OBTAIN INFORMATION FROM EMBASSY TOKYO AS TO WHY QTE NO SPECIFIC ACTIONS ARE CALLED FOR AT THIS TIME UNQTE (REF B). IF EMBASSY AGEES THIS CASE MAY BE APPROPRIATE FOR TFC HEINTZ WILLING TO TRAVEL TO TOKYO TO DISCUSS RAMIFICATIONS WITH US REPRESENTATIVES ON TFC PRIOR TO FORMAL INTRODUCTION OF CASE. WE BELIEVE THIS CASE IS APPROPRIATE FOR TFC AS IT IS AN EXAMPLE OF TYPE OF PROBLEM FACED BY U.S. FIRMS SEEKING TO ENTER JAPANESE BUSINESS SECTOR WHERE GOJ IS ATTEMPTING TO DEVELOP DOMESTIC CAPABILITIES.

5. THIS CASE SHOULD NOT NOW BE RAISED WITH GOJ, TO PREVENT PREMATURE DISCLOSURE OF POSSIBLE TFC ACTION WHICH COULD JEOPARDIZE NORMAL PROCESSING OF APPLICATION. WE WOULD, HOWEVER, APPRECIATE ASAP EMBASSY EVALUATION OF POSSIBLE USE OF TFC IN ORDER TO DISCUSS

MATTER FURTHER WITH TYMSHARE LATE IN WEEK OF
JANUARY 23. VANCE

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Draft Date: 23 jan 1978
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Disposition Action: RELEASED
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Disposition History: n/a
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